

Message Text

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AMCONSUL JOHANNESBURG

AMEMBASSY MAPUTO

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AMEMBASSY MBABANE

C O N F I D E N T I A L PRETORIA 3881

E.O. 11652: GDS

TAGS: ELAB, PINS, SF, MZ

SUBJECT: MINES EMPLOYMENT TRENDS OF SOUTH AFRICAN GOLD MINES

REF: (A) STATE 207271, (B) MAPUTO 885

1. SUMMARY. SA CHAMBER OF MINES OFFICIALS REPORT OVERALL EMPLOYMENT LEVELS IN GOLD MINING INDUSTRY THUS FAR REMAINING HIGH. NUMBER OF MOZAMBICAN MINERS HAS DECLINED WITH GAP BEING FILLED LARGELY BY SOUTH AFRICANS. WITH PROSPECT OF AT LEAST SOME MINES CLOSING IN FUTURE, APPEARS MOZAMBICAN LABOR FORCE WILL BE MOST HEAVILY AFFECTED DUE TO ITS HIGHER COST AND CURRENT RECRUITMENT PROBLEMS. END SUMMARY.

2. IN RESPONSE TO REFTTEL A, AMCONSUL JOHANNESBURG IS REPORTING SEPARATELY ON OVERALL ECONOMIC STATUS OF GOLD MINING INDUSTRY. ON LABOR SIDE, EMBOFFS CALLED ON SA CHAMBER OF MINES OFFICIALS
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RESPONSIBLE FOR LABOR AFFAIRS, GRANGE AND FENNEL, AUGUST 27

TO EXPLORE EMPLOYMENT TRENDS IN GOLD MINING INDUSTRY. IN CAUTIOUS PRESENTATION GRANGE STATED SA GOLD MINES CURRENTLY OPERATING WITH FULL EMPLOYMENT IN NEIGHBORHOOD OF 400,000 WORKERS (CHAMBER 1975 REPORT STATES AVERAGE EMPLOYMENT OF CHAMBER GOLD MINING MEMBERS WAS 355,000 OF WHICH 32,000 WERE WHITE AND 323,000 NON-WHITE). CURRENT GOLD PRICE LEVELS COULD EVENTUALLY CAUSE AS MANY AS 12 MINES TO CLOSE, ACCORDING TO GRANGE, BUT EMPLOYMENT LEVELS HAVE NOT THUS FAR BEEN SIGNIFICANTLY AFFECTED AND RECRUITMENT PROGRAMS FOR MINE WORKERS CONTINUING.

3. CHAMBER OFFICIALS OUTLINED CURRENT BREAKDOWN OF GOLD MINE WORKERS (WHITE AND BLACK) BY NATIONALITY AS 172,000 SOUTH AFRICANS; 100,000 FROM BLS COUNTRIES; 80,000 MOZAMBICANS WITH REMAINDER (ROUGHLY 30-45,000) FROM RHODESIA AND ELSEWHERE. SA GROUP INCLUDES 32,000 WHITE MINERS. HE CONFIRMED DROP IN NUMBERS OF MOZAMBICAN WORKERS FROM 120,000 IN 1975 (REF B) AND NOTED ALMOST NO NEW WORKERS ARRIVING FROM MOZAMBIQUE. REASON FOR DECLINE WAS ATTRIBUTED COMPLETELY TO BREAKDOWN OF SYSTEM FOR ISSUING TRAVEL DOCUMENTS TO WORKERS BY MOZAMBICAN GOVERNMENT, RATHER THAN POLITICAL MOTIVES. CHAMBER OFFICIALS STATED WENELA OFFICES ARE OPEN AND WOULD RECRUIT ADDITIONAL MOZAMBICANS IF THEY COULD. (THIS IS IN PARTIAL CONTRAST TO STATEMENTS BY WENELA OFFICIAL IN MAPUTO REPORTED REF B.) CHAMBER OFFICIALS CONFIRMED DECLINE IN MOZAMBICAN MINERS INVOLVES MAJOR FOREIGN EXCHANGE LOSS FOR MOZAMBICAN GOVERNMENT BECAUSE UNDER TERMS SAG-GOM AGREEMENT 60 PERCENT OF DEFERRED PAY IS PAID TO GOM IN GOLD AT OFFICIAL RATE OF 42 DOLLARS PER OUNCE. (WE WERE TOLD SEPARATELY BY JOHANNESBURG BANKER THAT THERE IS LIVELY MARKET IN ESCUDOS BY MINERS WHO CONVERT RAND AT HIGHLY FAVORABLE RATES BEFORE RETURNING HOME.)

4. GRANGE NOTED PERCENTAGE OF SOUTH AFRICANS IN THE MINE WORK FORCE HAD RISEN FROM 24 PERCENT IN 1973 TO APPROXIMATELY 44 PERCENT CURRENTLY. MAJOR CHANGE HAD COME WHEN 130,000 MALAWIAN MINERS HAD DEPARTED IN 1973-74 FOLLOWING CRASH OF WENELA CHARTERED PLANE AND PRESIDENT BANDA'S PROHIBITION ON NEW RECRUITMENT. INTERESTINGLY, A FEW EXPERIENCED MALAWIAN MINERS STILL COME TO SA ON THEIR OWN, USUALLY BY CONFIDENTIAL

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COMMERCIAL FLIGHTS. DOMESTIC SA RECRUITING EFFORTS HAVE SINCE BEEN GREATLY EXPANDED AND EXPANSION CONTINUING, 500 PERCENT RISE IN MINERS' BASE WAGES SINCE 1972 HAS CONTRIBUTED TO RECRUITMENT OF GREATER NUMBER SOUTH AFRICANS ACCORDING GRANGE. (AVERAGE WAGE RISE CLOSER TO 400 PERCENT).

5. IN RECENT PRESS ARTICLE, FURTHER LIGHT WAS THROWN MINE LABOR SITUATION BY HUGH MONRO, FORMER CHAIRMAN OF IMPALA

PLATINUM AND MINING AUTHORITY. MONRO, IN CALLING FOR END TO GOVERNMENT SUBSIDY TO MARGINAL MINES, POINTED OUT THAT DUE TO PAYMENT OF 60 PERCENT OF DEFERRED MINERS' PAY TO GOM IN GOLD AT 42 DOLLARS PER OUNCE, MOZAMBICAN MINERS ARE CONSIDERABLE MORE EXPENSIVE THAN OTHER CATEGORIES OF MINERS, COSTING AN ADDITIONAL 11 MILLION RAND PER YEAR. HE ARGUES THAT LETTING MARGINAL MINES CLOSE WILL ENABLE MINES TO ELIMINATE MORE EXPENSIVE MOZAMBICAN WORKERS AND BY ELIMINATING GOLD PRODUCTION OF SUBSIDIZED MINES, INCREASE VALUE OF PRODUCTION OF MORE ECONOMICAL MINES.

6. COMMENT. MOZAMBICAN MINERS APPEAR TO HAVE TWO DISADVANTAGES FROM POINT OF VIEW OF MINING COMPANIES: (1) HIGNR COST DUE TO GOLD PAYMENT SCHEME AT OFFICIAL RATE AND (2) VULNERABILITY OF SUPPLY TO ABRUPT CUTOFF FOR POLITICAL OR OTHER REASONS, E.G. MALAWI CASE. THUS TO EXTENT SIZE OF BLACK MINE FORCE IS IN FUTURE REDUCED DUE TO CLOSURES OF MARGINAL GOLD MINES, MOZAMBICANS ARE LOGICALLY FIRST GROUP TO BE CUT BACK AT LEAST FROM MINE COMPANIES VIEWPOINT (ALTHOUGH NOT NECESSARILY FROM SAG'S). VARIOUS SOURCES CONFIRM MINE RECRUITING FROM NON-MOZAMBICAN SOURCES CONTINUING A NORMAL PACE. WITH CURRENT PROSPECTS OF AT LEAST SOME MINES CLOSING, DECLINE IN NUMBER OF MOZAMBICAN MINERS PROVIDES READY-MADE METHOD OF ABSORBING BULK OF ANY FUTURE CUTBACKS IN OVERALL MINE WORK FORCE. IN REGARD DIFFERING INFO FROM CHAMBER OFFICIALS AND WENELA OFFICIAL MAPUTO (REF B) ON LEVEL OF CURRENT RECRUITING EFFORTS IN MOZAMBIQUE, BELIEVE THIS MAY STEM FROM FACT "OFFICIAL" CHAMBER POLICY REMAINS TO RECRUIT MOZAMBICAN LABOR TO EXTENT AVAILABLE TO AVOID POLITICAL PROBLEMS WHILE IN CURRENT ECONOMIC SITUATION, HIGHER COST MOZAMBICAN LABOR BECOMING PROGRESSIVELY LESS ATTRACTIVE.

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